

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2816 - SB 2706

February 25, 2022

SUMMARY OF BILL: Requires the Tennessee Student Assistance Corporation (TSAC) to administer a law enforcement fellows program for students who aspire to be law enforcement officers. Requires the student to be enrolled in a postsecondary degree program related to law enforcement and to pledge to work as a law enforcement officer in this state for at least one year. Requires TSAC, in conjunction with the State Board of Education (SBE) and the Tennessee Higher Education Commission (THEC), to promulgate rules for the selection of students pursuing a career in law enforcement and for the management of the program.

FISCAL IMPACT:

Increase State Expenditure - \$2,715,000/FY22-23

Exceeds \$2,715,000/FY23-24 and Subsequent Years

Other Fiscal Impact – There will may be an unknown increase in state revenue from loan repayments made and interest charges. The precise amount and timing of any such repayment and interest cannot be reasonably determined.

Assumptions:

- The legislation declares each fellowship award loan amount to be \$5,000 each year, renewable up to three times.
- Based on information provided by TSAC:
 - 6,780 students are enrolled in a degree program related to law enforcement.
 - Based on similar loan forgiveness programs an estimated 8 percent of those students will meet all the eligibility requirements and accept the loan-award terms.
 - 543 (6,780 x 8%) students are estimated to receive the award in FY23-24 and subsequent years.
- The increase to state expenditures will be \$2,715,000 (543 recipients x \$5,000 award) in FY22-23.
- The increase to state expenditures will exceed \$2,715,000 in FY23-24.
- All award loans bear an interest rate of nine percent beginning September 1 after completion of the program, or immediately after termination of the scholarship loan whichever is first.

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- Recipients will receive loan forgiveness for each year of service for each year the fellowship was awarded. Recipients have up to seven years to fulfill the law enforcement service requirements.
- There may be an unknown increase in state revenue in FY23-24 and subsequent years from students terminating the loan scholarship due to electing to change majors, or withdrawing from college, or in future years for not meeting requirements of the loan stipulations of at least one year of law enforcement service.
- The precise amount loan repayment and interest cannot be reasonably determined as it is unknown how many students will fail to meet requirements, the amount of loans that will begin bearing interest before repayment, and the timing of any such repayments as loan forgiveness eligibility may last for up to seven years following receipt of an award.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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